



CITY OF HOUSTON

Finance and Administration
Department

Interoffice

Correspondence

To: Mayor Bill White
Members of City Council

From: Judy Gray Johnson, Director
Finance and Administration

Date: April 28, 2006

Subject: **MARCH MONTHLY FINANCIAL AND
OPERATIONS REPORT**

Attached is the Monthly Financial and Operations Report for the period ending March 31, 2006.

General Fund Revenues

Our projection for FY2006 General Fund revenues is \$19 million higher than last month.

- The projection for Property Tax Revenue has been increased by approximately \$11 million due to certified values that are \$749 million higher than estimated at the time the tax rate was set.
- The projection for Sales Tax Revenue has been increased by \$9.3 million. The payment for February sales was 20.71%, or \$5.4 million higher than the same month last year. The new projection of \$413.6 million assumes that FY2006 growth will continue and reach Dr. Smith's April report projection of 11.54% annual growth.
- The projection for Intergovernmental Revenue has been decreased by \$221 thousand primarily due to lower than expected billings to grants from the Police Department.
- The projection for Charges for Services has been increased by approximately \$824 thousand due to increases in revenues received for certified copies in the Health Department, and platting fees in the Planning department. This is due to higher rates for birth and death certificates and higher than budgeted volume of requests for certified copies and plats.
- The projection for Direct Interfund Services has been decreased by \$2.5 million primarily due to a decrease of \$1.6 million in current estimates of Fire Services billed to the Aviation Department and a decrease of \$800 thousand for an adjustment in inventory sales to Health Department grant funds.
- Municipal Courts Fines and Forfeits has been reduced by \$675 thousand for lower than budgeted bond forfeitures.

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- Other Fines and Forfeits has been increased by \$810 thousand for cash forfeitures processed by the Police Department.
- The projection for Interest Revenue has been increased by \$400 thousand due to the continuing increase in interest rates and higher than expected cash balances.
- Miscellaneous/Other revenues has been increased by \$357 thousand for minor changes in projections for several miscellaneous revenues in several departments.

General Fund Expenditures

Our projection for FY2006 General Fund expenditures is \$4.6 million lower than last month.

- The projection for Building Services Department has been increased by approximately \$1.6 million due to higher than budgeted building maintenance costs related to unplanned projects and increased natural gas costs.
- The projection for Finance and Administration has been decreased by \$812 thousand due to savings in personnel, mainly related to unfilled positions of personnel assigned to the ERP project.
- The projection for Information Technology has been decreased by \$846 thousand to reflect savings in personnel due to unexpected delays in filling some positions, influenced by the tightness in the labor market for these types of positions.
- The Police Department projection is \$4.3 million lower than budgeted primarily due to health benefits and workers' compensation costs being lower than budgeted.
- The projection for Solid Waste has been decreased by \$386 thousand due to several differences in spending patterns.

General Fund Ending Fund Balance

We are projecting an ending unreserved undesignated fund balance of approximately \$154 million, which is approximately 11.26% of estimated expenditures less debt service. This does not include the rainy day fund or sign abatement fund. The total unreserved fund balance is projected to be \$176 million.

Combined Utility System Fund

- The Operating Expense projection for CUS has increased by \$1.6 million, primarily due to an increase of \$2.3 million for revised Electricity and Gas projections offset by a decrease of \$627 thousand in personnel costs due to vacancies and lower than budgeted health benefit costs.
- The Discretionary Debt transfer projection is decreased \$531 thousand to reflect the lower than expected level of borrowing on Storm Sewer projects.

Stormwater Fund

- The projection for Total Expenditures has been decreased by approximately \$695 thousand primarily due to increased expenditures for vehicles that had been expected to be charged to the FY07 Budget.

Health Benefits Fund

- The projection for Operating Expenses has been decreased by approximately \$1 million, due to lower than expected health benefit rates for the last two months of the year.

Property and Casualty Fund

- The projection for Operating Expenses has been decreased by approximately \$4.8 million, mainly due to lower than budgeted Claims and Judgments costs, based on known and existing lawsuits.

Workers' Compensation Fund

- The projection for Operating Expenses has been decreased by approximately \$5.4 million, due to lower claims experience, and better management of costs.

Asset Forfeiture Fund

- The projection for Total Revenues has been increased by approximately \$2.1 million due to higher than expected Federal judgments.

Building Inspection Fund

- The projection for Total Revenues has been decreased by \$2.2 million due to lower than budgeted permit activity.
- The projection for Total Expenditures has been decreased by \$363 thousand due to outside engineering services being handled in-house.

Child Safety Fund

- The projection for Total Revenues has been decreased by \$385 thousand due to lower than budgeted revenue from municipal fines. The projection for Total Expenditures has been reduced by an equivalent amount.

Police Special Services Fund

- The projection for Total Revenues has been decreased by \$2.9 million due to the Red Light Camera program being implemented later than budgeted.
- The projection for Total Expenditures has been decreased by \$5.4 million due to less work performed for outside agencies, and delay in the Red Light Camera program.

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Katrina Aid & Recovery Fund

The transition from the public assistance program being managed by the City of Houston to the individual assistance program that will be managed by FEMA is now planned for June 1st. The City is working closely with FEMA to ensure a smooth transition. We received \$40 million in cash from FEMA via the State of Texas on April 13th, to fund payment of expenses through March 31st. FEMA has approved an additional \$17 million for expenses through April 30th that has not yet been received.

Please let me know if you have any questions.


Judy Gray Johnson, Director